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FOREIGN CROPS and MARKETS

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LATE FOREIGN DEVELOPMENTS

DENMARK: Production estimates for 1941, reported in 1,000 bushels, as follows, with 1940 comparisons in parentheses: Rye 11,810 (10,714), barley 42,714 (53,234), oats 50,981 (62,448).

FINLAND: Production estimates for 1941, in 1,000 bushels, with 1940 comparisons in parentheses: Rye 9,291 (8,263), barley 5,879 (6,377), oats 33,482 (34,776).

SLOVAKIA: Production estimates for 1941, in 1,000 bushels, with 1940 comparisons in parentheses: Rye 7,874 (7,862), barley 12,171 (13,998).

TURKEY: Under the terms of a trade agreement concluded on March 27, 1942, Turkey will ship unspecified quantities of cotton to Bulgaria to be spun and reexported to Turkey as yarn.

ANGOLA: Cotton acreage in Angola (Portuguese West Africa) was increased to 198,000 acres in 1941. The latest previous estimate available is 96,000 acres for 1938.

BRAZIL: March declared exports of Brazil nuts to the United States from Belem and Manaus were as follows, with 1941 comparisons in parentheses: 269 short tons shelled (575) and 357 tons unshelled (203). Demand from United States considered firm though exporters are experiencing difficulty in securing shipping space. Spot prices of medium-sized Brazil nuts at Belem, 122 milreis per hectoliter (about 6.60 cents per pound) and of large washed at Manaus, 130 milreis per hectoliter (about 7.03 cents per pound).

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G R A I N S

MEXICAN WHEAT PROSPECTS FAVORABLE . . .

Crop prospects in Mexico late in March indicated some increase over the reduced production of 1941, according to information received from the American Embassy at Mexico City. Adequate soil moisture, resulting from rains received late in the fall, and some improvement in the economic condition of farmers favored increased seedings for 1942, although no estimate of the wheat area has been received. During the past two seasons, stem rust caused heavy crop losses, and, since this disease is most prevalent in April and May, the outcome of the new crop will depend largely upon weather conditions from now until harvest. Dry, sunny, days, with moderate rainfall, would discourage the development of rust, whereas a succession of dark, rainy days during this month and next would have the opposite effect. Any estimate at present, therefore, is purely conjectural, but an outturn of 14.7 million bushels, or an increase of about 25 percent over the 1941 harvest, appears possible.

Although domestic consumption has apparently been increasing during recent years, probably as a result of the growing population of the cities and dietary changes, a crop of 14.7 million bushels would considerably reduce Mexico's dependence on imported wheat in the marketing year 1942-43. Purchases of United States wheat have been large in the current season, and it is estimated that total imports will approximate 7.6 million bushels, as compared with 1.7 million during 1940-41. With total domestic requirements placed at 18.4 million bushels, only 3 to 4 million bushels of imported wheat would be needed next season if crop prospects materialize.

MEXICO: Wheat acreage, production, imports, and apparent domestic utilization, 1937-1941

Crop year	Acreage	Production	Imports <u>a/</u>	Apparent domestic utilization
	<u>1,000 acres</u>	<u>1,000 bushels</u>	<u>1,000 bushels</u>	<u>1,000 bushels</u>
1937	1,202	10,587	3,171	13,758
1938	1,240	11,939	2,115	14,054
1939	1,410	14,771	332	15,103
1940	1,450	13,337	1,731	15,068
1941	1,368	11,709	<u>b/</u> 7,606	19,315

Compiled from official statistics and reports from the American Embassy at Mexico City.

a/ July-June, following the harvest.

b/ Unofficial forecast.

COLOMBIA MODIFIES IMPORT
RESTRICTIONS ON WHEAT . . .

A decree issued late in January by the Colombian Government increased the quota set in July 1940 for 1942 imports of wheat, according to information received in the Office of Foreign Agricultural Relations. Under the previous legislation, import licenses for wheat were to be limited to a total of 294,000 bushels during 1942 (see Foreign Crops and Markets, August 19, 1940), but the new decree permits licenses to be issued this year for 588,000 bushels or twice the amount previously established. Import licenses, however, are not to be issued when the price of wheat at Bogotá falls below 20.00 pesos per carga (\$2.22 per bushel) for wheat weighing 75 kilograms per hectoliter.

A decrease in freight rates of at least 30 percent below the rate on flour was also provided for on wheat transported by railroads owned or subsidized by the Government, in order to effect a closer relationship between the coastal mills and interior points of supply. Previously wheat was often imported by the mills near the coast when domestic wheat was available in the interior. Domestic wheat can now be shipped to the mills more cheaply, and flour from imported wheat will be handicapped in moving to the interior, where it competes with flour from Colombian wheat. A final provision called for an appropriation of 100,000 pesos (about \$57,000) to be expended for the further development of the domestic wheat industry.

Results from the legislation of July 1940, which was intended to encourage the expansion of domestic wheat production and thus increase Colombia's self-sufficiency in this commodity, were considered fairly satisfactory. Imports fell off, but other factors partly offset the benefits derived. Inadequate rainfall during recent years limited the desired increase in production, and stocks on hand declined because of increased consumption.

The production of wheat in Colombia appears to have increased steadily since 1930, but available statistics are not complete and are not considered official. During the past 4 years, dry weather is reported to have reduced yields. Considerable expansion in seedings for 1942 is believed to have taken place, but no estimate of acreage has been received. With the standard of living advancing as new roads are being constructed into the interior, the consumption of wheat is said to be rapidly increasing. Imports were large in 1938 and 1939, for which years no production estimates are available, but fell off in 1941 following the 1940 crop of over 5 million bushels. Although stocks on hand early in 1942 were not large, it was believed that the immediate concern over supplies resulted largely from the fear that future shipping space would be difficult to obtain. Contrary to many Latin American countries, Colombia generally imports wheat in the form of grain rather than flour. Most of it originates in the United States and Canada.

COLOMBIA: Wheat production and imports, 1930-1941

Year	Production	Imports	Year	Production	Imports
	1,000 bushels	1,000 bushels		1,000 bushels	1,000 bushels
1930 ..	1,967	1,201	1936 ..	4,532	594
1931 ..	2,824	900	1937 ..	3,335	540
1932 ..	2,478	367	1938 ..	a/	588
1933 ..	2,821	311	1939 ..	a/	1,260
1934 ..	3,634	386	1940 ..	5,226	934
1935 ..	3,756	483	1941 ..	a/	687

American Embassy, Bogotá, Colombia. a/ Not available.

ARGENTINE CORN CROP LARGE
AND SURPLUS HEAVY . . .

The first official estimate of the 1941-42 corn crop of Argentina was placed at 354 million bushels, as compared with 403 million reported for 1940-41, according to information received by cable from the American Embassy, Buenos Aires. The acreage planted for the current crop was estimated at only 12,355,000 acres, a reduction of 18 percent from the comparable figure for the previous year, but growing conditions were generally favorable until February, when lack of rain and intense heat affected some crops adversely but did little damage to corn. The indicated average yield per planted acre is almost 2 bushels higher than in 1940-41, when 26.8 bushels were obtained and, if realized, would be the highest since 1927-28.

ARGENTINA: Acreage, yield, and production of corn,
1935-36 to 1941-42

Year	Acreage		Average yield per acre		Production
	Planted	Harvested	Planted	Harvested	
	1,000 acres	1,000 acres	Bushels	Bushels	1,000 bushels
1935-36 ..	18,854	12,650	21.0	31.3	395,694
1936-37 ..	15,051	10,776	22.6	31.6	340,147
1937-38 ..	14,989	7,723	11.6	22.6	174,163
1938-39 ..	13,096	8,653	14.6	22.1	191,485
1939-40 ..	17,791	14,072	23.0	29.0	408,442
1940-41 ..	15,067	12,188	26.8	33.1	403,048
1941-42 ..	a/12,355	-	28.7	-	b/354,311

Compiled from official sources. a/ Second estimate. b/ First estimate.

Although production in 1941-42 was below that of the previous year, the reduction was not greater enough to improve materially the burdensome supply situation, which has prevailed in Argentina since its export markets were closed by the present war. With harvests exceeding 400

million bushels both in 1939-40 and 1940-41 and only about 60 and 13 million bushels, respectively, moving into international trade channels, Argentina's most valuable export grain has become a serious liability. Not only have great losses been sustained by reason of deterioration, but the minimum-price system to producers maintained by the Government has been a heavy drain upon the resources of the country.

ARGENTINA: Distribution of domestic corn crop,
1935-36 to 1941-42

Crop year	Production	Production plus carry-over	Domestic utilization a/	Exports a/	Carry-over on April 1
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1935-36 ...	395,694	431,873	61,020	352,316	18,537
1936-37 ...	340,147	358,684	77,824	270,027	10,833
1937-38 ...	174,163	184,996	60,282	115,521	9,193
1938-39 ...	191,485	200,678	67,237	133,441	0
1939-40 ...	408,442	408,442	b/ 95,782	60,298	c/252,362
1940-41 ...	403,048	d/ 655,410	e/ 98,420	13,232	f/319,493
1941-42 ...	354,311	673,804	-	-	-

Calculated from official statistics of production, trade, and exportable surpluses. a/ April-March following harvest, 1936-37 to 1941-42.

b/ Calculation based on official surplus estimate as of March 22, 1941.

c/ Official estimate of balance for export or carry-over as of March 22, 1941, exports from which date to April 1 were insignificant. d/ Statistical supply; losses from deterioration and stocks destroyed unknown, but reported large. e/ Official estimate, but probably does not include fuel or industrial utilization. f/ Official estimate of balance for export or carry-over, as of March 21, 1942, after which exports until April 1 were insignificant.

At the beginning of the 1940-41 marketing season, April 1, 1940, Argentina had disposed of all the old-crop corn in the country, the 1938-39 crop having been small. Exports from the 1939-40 crop of 408 million bushels moved out in considerable volume during the first half of the marketing year, but with the continuation of war and inadequate shipping space, such movement fell off and has continued to decline. It is estimated that about 252 million bushels of corn were carried over on March 31, 1941, to which another large crop of 403 million bushels was added, to give a total supply of 655 million bushels. Because of insect infestation and mould, much of the carry-over was, however, lost or destroyed, in spite of efforts made to utilize larger quantities of the surplus domestically. Corn was sold at unbelievably low prices to encourage its use for fuel or for feed, despite the fact that the Grain Board had originally bought most of the crop at the fixed guaranteed price of 4.75 pesos per 100 kilograms (36 cents per bushel), shelled and delivered at the Port of Buenos Aires. Exactly how much corn was consumed domestically during the marketing year just ended and how much lost is unknown. By the end of

1941 practically all the 1939-40 harvest is reported to have been disposed of, but the Government still had the bulk of the 1940-41 crop to handle, when this new crop was nearly ready for harvest.

Exports in the season just ended amounted to little more than 13 million bushels, and the exportable surplus from the 1940-41 crop was officially placed on March 21 at 319 million bushels. This, with the crop now being harvested, indicates a total supply for April-March 1942-43 of about 674 million bushels. Unless domestic utilization greatly exceeds average, it appears that nearly 600 million bushels will be available for export this season or for carry-over on March 31, 1943. It is probable, however, that losses from deterioration will again be heavy, and carry-over stocks may be partially lost or destroyed, as was the case last year.

The Government's campaign to dispose of its 1940-41 corn stocks is reported to have been officially opened in February, with Nation-wide broadcasts by the Minister of Agriculture and the President of the Bank of the Nation. They stated that the Grain Board had purchased 211 million bushels of the 1939-40 harvest at a cost of 195,900,000 pesos (\$58,300,000 at the official exchange rate), had received from sales only 34,500,000 pesos (\$10,300,000), and had therefore lost on that one crop 161,400,000 pesos (\$48,000,000). They did not state, however, how much corn was finally destroyed as unsalable during the past season. In order to dispose of the 1940-41 crop, of which Government-owned stocks are said to total 256 million bushels, the principal appeal was made to the farmers themselves. Livestock men and particularly farmers raising hogs were asked, for their own economic welfare as well as for that of the country, to feed their animals more corn and give increased attention to livestock products, prices of which have of late been reaching almost unprecedented levels.

As a further step toward increased domestic utilization, the Argentine Government recently authorized the National Grain and Elevator Commission to mill about 4 million bushels of corn into flour, which will be marketed through retailers at 7 centavos per kilogram (about 1 cent per pound). Corn flour has not generally been used by the Argentine people, but by including leaflets, when distributing it throughout the country, that will give simple recipes for using corn flour in various dishes, it is hoped that a demand will be created for additional amounts to be milled in the future.

No information has been received regarding a fixed price to be paid to producers for the 1941-42 crop now being harvested. In the past, an announcement has generally been made just prior to the release of the first production estimate or shortly thereafter. It has been suggested, according to the trade, that the Ministry of Agriculture pay the growers a subsidy and let them keep their crop. A questionnaire is reported to have been sent to the farmers, in order to ascertain their reaction to

such a change. In the event that a subsidy is decided upon, it is probable that an advance will be made to the producers; otherwise they should find it difficult to finance harvesting operations.

Exports of Argentine corn by country of destination are not published for the April-March marketing year. Preliminary figures for the calendar year 1941 show, however, how seriously the export movement has been affected by the virtual loss of the European market by reason of present war conditions. Less than 9 million bushels of the total reported were destined for specified European markets, about 1.5 million bushels were definitely shipped to non-European countries, and the remainder of 11 million bushels were shipped "to orders," the final destinations of which are as yet unknown. In previous years, nearly all corn exported went to Europe, although in years of short North American crops, considerable quantities were sent to Canada and the United States. Shipments so far in 1942 have been even smaller than those of early 1941, with little prospect for an increase in the near future.

ARGENTINA: Exports of corn by country of destination,
1937-1941

Country	1937	1938	1939	1940	1941 <u>a/</u>
	1,000	1,000	1,000	1,000	1,000
	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>	<u>bushels</u>
United Kingdom	115,928	32,449	44,819	37,080	751
Netherlands	45,218	11,506	21,788	4,019	-
Belgium	56,028	18,862	20,995	4,681	-
Denmark	12,434	1,831	3,535	1,707	-
Ireland	8,315	6,709	9,441	5,953	-
France	2,789	513	522	518	-
Italy	3,682	2,835	4,621	6,254	-
Germany	25,500	19,361	7,161	-	-
Norway	5,913	3,112	4,374	499	-
Sweden	4,820	2,245	1,927	770	518
Switzerland	80	196	1,517	567	1,514
Spain	-	-	225	1,655	6,094
United States	42,364	59	77	1,442	107
Canada	28,036	-	-	4,475	459
Bolivia	39	11	1	96	345
Uruguay	69	10	3	393	735
Japan	1,755	684	-	81	-
Others	4,780	3,633	4,817	3,613	b/11,251
Total	357,750	104,016	125,823	73,803	21,774

Compiled from official statistics.

a/ Preliminary. b/ Includes shipments "to order," the final destinations of which are as yet unknown.

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VEGETABLE OILS AND OILSEEDSARGENTINE FLAXSEED STOCKS UNUSUALLY HEAVY . . .

The exportable surplus of 99 million bushels of flaxseed in Argentina on December 1, 1941, has not been materially reduced, according to information received in the Office of Foreign Agricultural Relations. Exports during December-March totaled only 6.3 million bushels. The relatively small movement is attributed to a shortage of shipping space rather than the loss of markets.

	<u>1,000 bushels</u>
Carry-over, December 1, 1941	33,206
Estimated 1941-42 crop	65,744
Total supplies	<u>99,010</u>
Seed requirements 6,692	
Domestic consumption <u>1,181</u>	<u>7,873</u>
Estimated exportable surplus, ..	
December 1, 1941	91,137
Exports, December 1 to March 20	<u>6,303</u>
Estimated exportable surplus, March 27, 1942 ...	<u>84,834</u>

The Grain Board's selling price to exporters has been increased several times since the beginning of the current season. With the recent announcement of a surcharge of 35 percent on the basic freight rate of \$15.00 per ton to the United States, the trade expected that the export price would be reduced accordingly. This was not the case, however, and a further increase was announced on April 2. Effective from that date, exporters must pay the Grain Board 20.4 pesos per 100 kilograms (\$1.54 per bushel).

Producers have protested against this excessive profit on their flaxseed, but it has been pointed out that in the absence of Government buying and holding of the crop the pressure of supplies would probably bring about a much lower price than the 9.25 pesos per 100 kilograms (69.5 cents per bushel) paid by the Government for their purchases. With flaxseed supplies in the hands of a Government monopoly, the latter can procure the high prices indicated for that portion of the crop that can be sold abroad and the resulting profits will be a source of revenue to carry the balance of the crop. Under proper storage conditions the deterioration and losses in flaxseed stored for 2 or 3 years should be only slight.

No recent information has been received regarding the progress of increased crushing of flaxseed in Argentina this season. The Government now prohibits the export of linseed oil derived from seed not purchased from the Grain Board.

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C O T T O N - O T H E R F I B E R SIRAQ RESTRICTS 1942 COTTON ACREAGE . . .

The area planted to cotton in Iraq in 1942 will be limited to 25 percent of the 1941 area (225,000 acres) in order to increase the production of food crops, according to an official announcement early in March. Two-thirds of the diverted cotton land will be planted to sesame and one-third to corn.

No production estimate is available for 1941. The 225,000 acres planted in 1941 were considerably higher than the previous record of 148,000 acres planted in 1940. Earlier reports indicated that the 1941 production was expected to exceed the 1940 estimate of 21,000 bales (of 478 pounds), despite heavy flood damage in the growing season. Seed cotton equivalent to 15,900 bales had been received at the ginneries prior to February 1, 1942.

Exports from the 1941 crop amounted to only 406 bales between September 1 and December 31, 1941. There has been no indication in reports from Iraq of the existence of cotton mills in that country. The disposal of the 1941 crop has been the subject of recent debate in the Iraq Chamber of Deputies, and the Government is expected to offer some temporary means of relief to owners of the cotton. The entire 1940 crop of 21,000 bales and small existing stocks from the 1939 crop were sold to Japan in October 1940. (See Foreign Crops and Markets, October 14, 1940.)

Acala and Acala Rogers were approved after governmental experiments and are the only varieties of cotton grown in Iraq at the present time. Under the authority of a law enacted in 1940, the Directorate General of Agriculture has specified the areas in which each variety may be grown. A government experimental farm has been in operation since 1918. The first of the three ginneries now in operation was established in 1920.

EGYPT CONTINUES TO INCREASE THE
PRODUCTION OF FLAX FOR FIBER . . .

The production of flax straw in Egypt for the 1941-42 crop is expected to be about 84,000 long tons (of 2,240 pounds), based on the preliminary planted-acreage estimate of 49,400 acres and the average 5-year (1935-36 to 1939-40) yield of 3,800 pounds per acre. The area planted to flax has increased almost five times in the past 2 years, the expansion in area being largely on land formerly devoted to cotton. Flax is a winter crop, produced principally in the Delta Provinces. It is harvested from the middle of March to the end of April, but the fiber does not appear on the market until May.

EGYPT: Area and production of flax straw, 1938-39 to 1941-42

Year	Area	Production a/
	Acres	Long tons
1938-39	9,989	18,174
1939-40	10,249	18,793
1940-41	32,518	53,990
1941-42 (preliminary)	49,400	b/ 84,191

Compiled from current consular report.

a/ In long tons of 2,240 pounds.

b/ Estimated on the basis of the 5-year (1935-36 to 1939-40) average yield of about 3,800 pounds per acre.

Three principal varieties of flax are grown in Egypt, namely, Continental or Riga type, baladi type, and Hindi type. The first two types are grown for the fiber and the latter, Hindi type, is generally grown for its seed, although the fiber is also used. An average of 360 pounds of fiber and 180 pounds of tow per acre has been obtained in the past 5 years, and the fibers are said to range from 1 to 4 feet in length. The continental-type flax is reported to be as good as the best fiber grown in Europe.

Although flax fiber has been grown in Egypt since the time of the Pharaohs, its production decreased as the Egyptians turned to cotton. Since 1920, flax production has again attained importance, and, with the outbreak of war in Europe, special attention has been given to increased production. The record figure of almost 50,000 acres for 1941-42 reflects the increased demand from abroad.

The 1940-41 crop was sold for export at prices ranging from 33 to 37 cents per pound for flax fiber and 11 to 17 cents for tow, f.o.b. Egyptian port. The British Government bought practically all of the crop, although a small quantity went to the United States. Belgium, before the present war, was the principal market for Egyptian flax exports. An effort is being made by the Egyptian Ministry of Agriculture to improve flax fiber. Therefore, it is expected that it should not be necessary to allow more than 10 percent for impurities contained in the fiber that will come on the market this May.

About 1,000 long tons of flax fiber and tow are consumed by the Egyptian flax-spinning industry, and at the end of 1941 there were approximately 2,000 tons of flax fiber and tow in storage. Twine, tablecloths, and napkins are among the principal articles spun and woven by the linen manufacturers in Egypt. Linen yarn is combined with cotton in the weaving of "crash", another product of this industry.

T O B A C C OUNITED KINGDOM INCREASES USE OF EMPIRE LEAF;
DUTY PREFERENCE SUBJECT TO ADJUSTMENT . . .

Leaf tobacco retained in the United Kingdom for home consumption in 1941 amounted to 221.9 million pounds as compared with 191.2 million in 1940, according to statistics published in a report of the Tobacco Federation of the British Empire. Approximately 68.9 million pounds, or 31 percent of the 1941 consumption was tobacco grown in the British Empire. In 1940, this proportion was 26 percent, and a little more than 2 decades ago it was only about 1 percent. Thus, it is apparent that, while the increase in British consumption of Empire tobacco has, under protection of the preferential margin of duty, averaged about 1-1/3 percent a year since its inception, in 1941 (owing to the exchange situation and other war adversities) the increase amounted to 5 percent.

The agreement providing for the duty preference of 24-1/2 pence (41.2 cents) per pound, which has encouraged the production of American types of tobacco in Empire areas and their substitution for American leaf in the United Kingdom market, expires in August of this year. The action taken with respect to the preference after that date will largely determine the degree to which Empire leaf will continue to displace American. United States producers, whose tobacco has formed the basis upon which England has built one of the greatest tobacco manufacturing industries in the world, and who now provide the leaf that is sent to Britain under the lease-lend program, are looking to the British Government for an equitable adjustment of the preference.

SMALL COSTA RICAN TOBACCO INDUSTRY
PAYS GOOD REVENUE . . .

It is estimated that the 1941 tobacco crop of Costa Rica amounted to approximately 1,250,000 pounds, harvested from about 1,295 acres. The Costa Rican tobacco industry is small, comprising only 500 growers and 2 principal manufacturers employing about 500 persons. There is also a small business in hand-rolled products. Palmares and Puriscal are the main leaf-producing districts, both in the central-plateau section of the country. The Palmares district produces about 70 percent of the Costa Rican crop, and the leaf grown there is a mild, spongy type, more suitable for the cigarette industry than that of other sections. Palmares leaf is really in demand by all branches of the Costa Rican industry. Cigar makers purchase the wrappers and fillers, the manufacturers of machine-made cigarettes take the top grades, and the makers of hand-rolled cigarettes buy the low grades and scrap tobacco. About 10 years ago, the leaf produced in this country was inferior, owing to the lack of fertilizers and crop rotation, but more modern methods have done much to improve the quality.

Leaf prices depend upon the quality, as the grades are standardized. One company estimates that tobacco prices range from 0.15 to 0.60 colon (2.7 to 10.7 cents) per pound for cigar fillers and hand-made cigarette tobacco; 0.85 to 1.25 colones (15.1 to 22.2 cents) per pound for tobacco suitable for machine-made cigarettes; and 1.00 to 1.50 colones (17.8 to 26.7 cents) per pound for cigar wrappers.

The tobacco season in Costa Rica begins in June or July when the seeds are sown in plant beds. They are transplanted about the middle of September, and the crop ripens some 3 months later, at which time it is cut and hung on racks in crude sheds to dry. The leaves are then stripped from the stalk, graded according to length and color, and tied in hands. In this form the crop is transported to market.

Two major tobacco companies produce an average of 350 million cigarettes annually and constitute one of the largest sources of revenue available to the Government. These two companies paid an excise tax last year amounting to 1,607,000 colones (\$285,933), excluding other taxes on property and income. The excise taxes are graded according to the type of cigarette. Machine-made cigarettes, for instance, using 100 percent native tobacco, pay 0.08 colon (1.4 cents) per pack of 20 cigarettes; machine-made cigarettes using a blend of native and imported tobacco pay 0.13 colon (2.3 cents) per pack of 20 cigarettes; and machine-made cigarettes using 100 percent of imported tobacco pay 0.15 colon (2.7 cents) per pack of 20 cigarettes. In addition to the revenue accruing from excise taxes, the duty on cigarettes and leaf tobacco imported from the United States in 1941 amounted to about 1,693,000 colones (\$301,235). Approximately 52 million cigarettes were imported but the quantity of leaf tobacco was not reported.

It is estimated that about 121 million yellow or hand-rolled cigarettes are produced annually in the country. These cigarettes are wrapped in yellow paper, whence they derive their name. It is reported that yellow cigarettes are produced under conditions far from ideal and for this reason, as well as for the fact that they pay no taxes, they sell at a very low price. Seven to 10 cigarettes retail for less than a penny in United States money.

The output of cigars in Costa Rica amounts to about 75 million annually. They are also rolled by hand. Prices vary according to the size of the cigar and the quality of filler and wrapper used. Cigars pay no excise tax, and owing to cheap labor, they have a low retail value. The retail price of small cigars made of cheap tobacco is sometimes as low as 1 United States penny for 4. The manufacture of chewing tobacco, consumed principally by the farm laborer, is a declining industry, and is disapproved by the Government.

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L I V E S T O C K A N D A N I M A L P R O D U C T SARGENTINE CATTLE PRICES AGAIN
REVISED UPWARD . . .

Argentine cattle prices again have been revised upward by the Government, and for some grades the classification was changed, effective February 4, 1942. The new prices to be paid by packers show an increase ranging from 2.4 cents to 5.4 cents per pound, live weight, compared with those prevailing prior to that date. This upward revision has been made in order to give producers the full benefit of the higher prices paid for canned beef by the United Kingdom and the higher prices now being received for byproducts.

The grades used in Argentina, with the description, are as follows:

- "J" - Steers, chilled, 1st quality
- "U" - Steers, chilled, 2d quality
- "N" - Steers, superior frozen
- "T" - (a) Steers, continental type (suitable for boned
beef for the United Kingdom)
(b) Canners

Recent experience has indicated that the grade "U" must be subdivided in order to treat fairly cases where cattle do not meet the requirements of this grade and yet are sold for the same price. The new grade created is "U-1" which is between "J" and "U".

Effective February 4, 1942, the new live-weight prices for the different cattle are as shown in the following table, compared with the former prices. The increases range from 2 to 3 cents per pound, live weight, for the chilled- and frozen-beef grades and from 4 to 5 cents for steers used for canned beef.

ARGENTINA: New fixed prices packers must pay for live steers, effective February 4, 1942, with comparisons

Argentine grade designation and description	Former price		Effective February 4, 1942	
	Per	Per 100	Per	Per 100
	kilogram	pounds	kilogram	pounds
	Pesos	Dollars	Pesos	Dollars
J and U - Chilled				
(1st and 2d quality) a/	0.3237	4.37	0.3415	4.61
N - Frozen type (superior)	0.2823	3.81	0.3066	4.14
T - Frozen type (continental)	0.2800	3.78	0.2938	3.87
- Canned-beef type sides				
Up to 140 kilograms (309 pounds)	0.2272	3.07	0.2600	3.51
Over 140 kilograms	0.2318	3.13	0.2715	3.67

Revista Informativo, February 12, 1942. a/ Includes qualities J, U1, and U2.

Dressed-weight prices for steers purchased directly from ranches and from Liniers and Rosario markets are given for many descriptions. The increase in prices range from 3 cents per pound for steers used for chilling to as much as 9 cents per pound for those used for canning. Scarcity of refrigerated shipping space has resulted in an increased demand for canned and a much larger percentage of chiller steers to be used for that purpose. The margin between the dressed-weight prices of high-grade steers used for canning and chilling has narrowed perceptibly, now being only 1.95 cents per pound against 2.28 cents in September. Since the price was first fixed in January 1941, the price of first grade chiller-type steers (live weight) has increased from \$3.51 to \$4.61, or \$1.10 per 100 pounds, whereas the price of steers used for canning has increased from \$2.70 to \$3.51, or \$1.81 per 100 pounds.

ARGENTINA: New fixed prices packers must pay for steers, per 100 pounds, dressed weight, effective February 4, 1942.

Grade and description	Ranches		Markets a/	
	Effective		Effective	
	Sept. 1, 1941	Feb. 4, 1942	Sept. 1, 1941	Feb. r, 1942
	Dollars	Dollars	Dollars	Dollars
Chiller type (sides)				
First grade "J"				
Up to 160 kg. (353 lb.).....	7.48	8.02	7.51	7.92
171-175 kg. (376-386 lb.)	6.96	7.34	6.85	7.23
Over 180 kg. (397 lb.)	5.90	6.34	5.79	6.23
Second grade "U"				
1st quality				
Up to 160 kg. ....	)	7.25	)	7.42
171-175 kg. ....	)	6.88	)	6.77
Over 180 kg. ....	) 6.96	5.90	) 6.85	5.80
2d quality	) 6.32		) 6.21	
Up to 160 kg. ....	) 5.35	7.00	) 5.25	6.89
171-175 kg. ....	)	6.40	)	6.30
Over 180 kg. ....	)	5.39	)	5.28
Frozen type (superior) "N"				
Up to 160 kg. ....	)	6.78	)	6.67
171-175 kg. ....	) 6.10	6.19	) 5.99	6.08
176-180 kg. ....	)	5.83	)	5.72
Frozen type "T"				
(a) Continental	6.41	6.72	6.30	6.61
(b) Canned				
(1) Up to 140 kg. (309 lb.)..	5.20	6.07	5.09	5.95
(2) Over 140 kg.	4.97	5.82	4.86	5.71

Revista Informativo. a/ Liniers and Rosario.

The reason for the higher prices paid for steers purchased direct is for the purpose of encouraging purchases on the estancia (ranch) as (1) it enables freezing companies to know the number of cattle available

for slaughter at a given date, and (2) cattle reach freezing companies in better condition because of less handling. In actual practice, packing plants have an account with the Meat Board and are reimbursed for losses resulting from the payment of fixed prices for various grades of fat steers, above the prices of corresponding grades of meat. The packers likewise will be debited with profits from the sale of chillery steers to the United Kingdom. Any losses involved in the operation of the schedule of fixed prices will be provided for by a compensation fund from exchange-control profits.

SOUTH AMERICAN WOOL MARKETS

STAGNATE AT END OF MARCH . . .

Although the situation in the principal South American wool markets improved early in March after a period of dullness due to uncertainty concerning United States price and conservation policies, United States buyers were reported as inactive at the end of the month. On the whole, the wool movement this season has been much below a year ago. ^{1/} Argentina has relatively large quantities of coarse crossbred on hand and Uruguay fairly large quantities of fine crossbred.

Argentine exporters were reported reluctant to sell owing to the accumulation of unshipped wool already sold to the United States and the uncertainty concerning future shipping dates. In Uruguay, the market reached a state of almost complete paralysis at the end of the month as a result of war freight surcharges and the refusal of Montevideo sellers to shade offers to meet United States ceiling prices. Preliminary estimates indicate that 128 million pounds of wool were shipped from Argentina to the United States during October to March this season and 25 million pounds from Uruguay.

Argentina

Active United States buying of coarse wools was a feature of the market in the first part of March, but sales were restricted during the latter part owing to the difficult shipping situation. The recent interest shown in low crossbreds is believed to be due to a regulation of the War Production Board liberalizing allocations for civilian use if wools of 44's and lower were utilized. The United Kingdom entered the market in the last week of March to buy coarse apparel wool, 40's to 44's, but available quantities of this description were small. The British are also interested in wools of 40's and lower, of which supplies are excessive.

^{1/} See Foreign Crops and Markets, February 16, 1942, for further details of United States price and conservation orders.

Disposals of Argentine wool during the first 6 months of the 1941-42 season (October-March) for export totaled around 182 million pounds against 256 million a year ago, a decrease of 29 percent. The exportable surplus for the entire 1941-42 season (October-September) is now placed at 401 million pounds compared with 478 million, estimated originally, owing to the fact that domestic consumption will probably be about double original estimates. The exportable surplus in 1940-41 was large, amounting to 529 million pounds owing to a heavy carry-over from 1939-40. Apparent supplies for sales to foreign countries in the last half of the 1941-42 season are estimated at 220 million pounds, or 20 percent less than a year earlier.

At the beginning of February commercial stocks in all hands amounted to 166 million pounds, according to official figures, and were 21 percent larger than on the same date of 1941. This includes 28 million pounds stored for France, Belgium, and other countries which cannot be delivered. The bulk of the wool, or 79 million pounds, was in the hands of exporters, with another 50 million held by consignees. Second-clip wool and low crossbreds constituted the larger share of the stocks on hand.

ARGENTINA: Location of commercial stocks of wool,
February 1, 1939-1942

Location	February 1			
	1939	1940	1941	1942
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Exporters	49,600	58,138	69,328	<u>a/</u> 79,176
Dealers	36,300	33,898	42,974	4,440
Consignees				50,033
Scouring plants	6,100	15,066	14,160	20,686
Manufacturers	4,500	7,275	6,757	8,768
Packing companies ...	2,900	4,004	3,666	2,590
Pulleries	-	379	456	743
Others	-	-	222	-
Total	99,400	118,760	<u>b/</u> 137,563	166,436

Compiled from official sources.

a/ Includes 51,473,000 pounds of current clip and 27,703,000 pounds stored for France, Belgium, and other countries and held to their account.

b/ Includes 21,400,000 pounds stored for France, Belgium, etc.

Exports for 5 months of the season, through February, totaled 116 million pounds and were 40 percent smaller than in the same period of 1940-41. Approximately 94 percent was shipped to the United States this season as compared with 82 percent in the same period of 1940-41. Exports to European countries, which normally take over 70 percent of the total, fell to the low point of only 3 million pounds, practically all to Sweden. (See table, page 403.) Exports to Japan during the period under discussion totaled only 1 million pounds compared with the unusually large shipment of 19 million a year earlier.

Uruguay

Canada and Sweden as well as the United States were active in the Uruguayan market during March. Owing to the cutting down of supplies from the Pacific area by war developments, Canada let down tariff barriers from intermediate-tariff countries. It is reported that 6 million pounds of medium wool were sold to Canada during the 2 weeks ended March 21. By the end of the month the market had become stagnant, as already reported.

March exports to the United States totaled 4 million pounds, chiefly low and medium crossbred. Stocks of these wools are low, whereas those of fine crossbred are fairly large. Exports during the first 5 months of the season through February amounted to only 23 million pounds compared with 82 million in the same period of 1940-41 and 52 million in the corresponding period of 1939-40. The United States was the principal destination, as in 1940-41. Exports to Europe fell to 2 million pounds compared with 27 million in the same period of 1939-40.

Receipts of wool at Montevideo, reported at 93 million pounds, are 20 percent below a year ago, confirming reports of a 15-percent decrease in the 1941-42 wool clip. Stocks of unsold wool at Montevideo at the end of February totaled 47 million pounds, whereas last year on the same date they amounted to only 15 million pounds. Approximately 55 percent of the stocks on hand consisted of fine wool 58's to 64's; 25 percent of 56's; 10 percent of 50's; 5 percent of 46's; and 5 percent of 44's tops.

URUGUAY: Stocks of unsold wool at the end of February,
1939-1941

	1939	1940	1941
	1,000 pounds	1,000 pounds	1,000 pounds
Fine crossbred	a/	a/	35,000
Medium crossbred	a/	a/	8,000
Coarse crossbred	a/	a/	1,000
Lambs', bellies, etc.	a/	a/	3,000
Total	76,460	15,000	47,000
Sold to European countries but not yet delivered	10,251	b/	b/

Compiled from official sources.

a/ Data not available.

b/ Details not available; quantity on hand September 30, 1941, was 7,640,000 pounds, compared with 21,710,000 pounds at end of 1939-40 season.

Apparent quantities of wool for sale to foreign countries during the remainder of the season amount to approximately 74 million pounds, including the 47 million in store in Montevideo. Last year on the same date stocks remaining for desposal totaled 64 million pounds.

WOOL: Exports from Argentina and Uruguay, October-February
1941-42, with comparisons

Country of destination	Argentina			Uruguay		
	1939-40	1940-41	1941-42	1939-40	1940-41	1941-42
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
<u>Non-European</u>						
United States	83,676	156,216	108,345	22,223	70,991	20,806
Mexico	591	503	459	-	633	376
Canada	694	-	-	-	-	-
Brazil	64	143	1,217	44	-	-
Ecuador	2	-	8	-	-	-
Argentina	-	-	-	4	-	48
Chile	60	181	858	-	-	-
Bolivia	22	-	139	-	-	-
Peru	-	-	35	-	-	-
Paraguay	-	-	-	-	-	40
Colombia	20	-	20	-	-	-
Japan	9,848	19,427	1,409	2,582	5,115	134
South Africa	664	851	381	7	5	-
Egypt	-	505	-	-	-	-
India	-	11	-	-	-	-
French Indochina	1	3	-	-	-	-
China	-	-	-	-	-	8
Manchuria	-	-	-	-	168	-
Total non-European ..	95,642	177,840	112,871	24,860	76,912	21,412
<u>European</u>						
United Kingdom	324	2,463	-	-	-	-
France	18,192	1,188	-	-	-	-
Netherlands	6,667	-	-	5,324	-	-
Belgium	1,748	-	-	1,153	-	-
Norway	1,074	-	-	238	-	-
Sweden	5,688	3,250	2,597	8,517	4,474	1,956
Denmark	1,391	-	-	916	-	-
Switzerland	3,391	-	130	3,402	11	-
Italy	6,847	-	-	6,975	-	-
Hungary	134	-	-	-	-	-
Spain	-	2	-	-	-	-
Greece	754	278	-	755	63	-
Yugoslavia	2,731	-	-	-	-	-
Bulgaria	53	-	-	-	-	-
Russia	-	5,981	-	-	172	-
Latvia	190	-	-	-	-	-
Finland	93	368	-	44	363	-
Total European	49,277	13,530	2,727	27,324	5,083	1,956
Total all countries	144,919	191,370	115,598	52,184	81,995	23,368

Compiled from official sources.

* * * * *

GENERAL AND MISCELLANEOUS

FOREIGN EXCHANGE . . .

EXCHANGE RATES: Average value in New York of Chinese, Japanese, and some European currencies during last full month for which rates were available a/

Country	Unit	Month	Value in United States currency Cents
Belgium	Belga	April 1940	16.89
Denmark	Krone	March 1940	19.31
France	Franc	May 1940	1.85
Germany b/	Reichsmark	May 1941	39.97
Greece b/	Drachma	September 1940	0.66
Italy b/	Lira	May 1941	5.09
Netherlands	Guilder	April 1940	53.08
Norway	Krone	March 1940	22.71
Portugal	Escudo	May 1941	4.00
Spain b/	Peseta	May 1941	9.13
Sweden	Krona	May 1941	23.84
Switzerland	Franc	May 1941	23.20
China b/	Yuan (Shanghai)	June 1941	5.34
Japan	Yen	June 1941	23.44

Federal Reserve Board.

a/ Noon buying rates for cable transfers. Last daily rate reported on April 8, 1940, for the Danish and Norwegian kroner, now officially equal to 0.52 and 0.60 reichsmarks respectively; on May 9, 1940, for the belga and guilder, now officially equal to 0.40 and 1.33 reichsmarks respectively; on June 15, 1940, for the French franc, now officially equal, in the occupied area, to 0.05 reichsmarks; on October 26, 1940, for the drachma; on June 14, 1941, for the other European countries; and on July 26, 1941 for the yen and yuan (Shanghai).

b/ Quotations nominal.

EXCHANGE RATES: Average value in New York of specified currencies,
April 4, 1942, with comparisons a/

Country	Monetary unit	Year 1941	Month				Week ended		
			1940	1941	1941		1942		
			March	March	Feb.	March	March 21	March 28	April 4
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Argentina <u>b/</u>	Paper peso	29.77	29.77	29.77	29.77	29.77	29.77	29.77	29.77
Australia <u>c/</u>	Pound	321.27	299.50	321.30	321.50	321.50	321.50	321.50	321.50
Brazil <u>d/</u>	Milreis	5.07	5.03	5.06	5.14	5.14	5.14	5.14	5.14
British India	Rupée	30.14	30.18	30.14	30.12	30.12	30.12	30.12	30.12
Canada <u>c/</u>	Dollar	87.32	82.88	84.98	88.42	87.66	87.30	87.08	86.87
Mexico <u>e/</u>	Peso	20.54	16.65	20.53	20.56	20.47	20.47	20.58	20.58
New Zealand	Pound	322.54	300.72	322.55	322.78	322.78	322.78	322.78	322.79
South Africa	Pound	398.00	398.00	398.00	398.00	398.00	398.00	398.00	398.00
United Kingdom <u>c/</u>	Pound	403.18	375.91	403.19	403.50	403.48	403.50	403.44	403.47

Federal Reserve Board.

a/ Noon buying rates for cable transfers.

b/ Official, regular exports. The special export rate of 23.70 cents, reported beginning March 27, 1941, applies to exchange derived from certain minor exports (e.g. dairy products) to certain countries (e.g. United States), such exchange formerly having been sold in the free market. Quotations nominal.

c/ Free. Official rates: Australia 322.80 cents; Canada 90.91 cents; United Kingdom 403.50 cents. Most transactions between these countries and the United States must take place at the official buying and selling rates.

d/ Free. Since April 10, 1939, 30 percent of the exchange derived from exports must be turned over at the official buying rate of 6.06 cents, the weighted average value of the milreis being 5.37 cents in 1941, 5.42 cents in March 1942, and 5.42 cents in the week ended April 4, 1942. Quotations nominal.

e/ Quotations nominal for 1940 and 1941.

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